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UNCLAS SECTION 01 OF 02 ANKARA 003848

SIPDIS

SENSITIVE

DEPT FOR NEA/NGA - NJENSEN AND EUR/SE
DEPT PASS TO USAID FOR OFDA

E.O. 12958: N/A

TAGS: [ETRD](#) [ENRG](#) [EAID](#) [EAIR](#) [PREL](#) [TU](#) [I2](#)

SUBJECT: TURKEY-IRAQ ECONOMIC RELATIONS; UPDATE ON BARTER
DEAL AND PROPOSED AVIATION LINKS

REF: A. ANKARA 3830

[1](#)B. ANKARA 3777

[1](#)1. (U) Baghdad minimize considered.

Summary

[1](#)2. (SBU) Finance Minister Unakitan told the Ambassador that the Prime Minister had instructed an interagency group to resolve the problems holding up trade at the Habur Gate, including those involved in the Delta Petroleum products barter arrangement. The Foreign Ministry had followed up with a letter instructing the Foreign Trade U/S to implement the Prime Minister,s instruction. He also said the GOT was interested in establishing civair links with Iraq and asked for U.S. cooperation. The Foreign Trade Undersecretariat insisted that there would be no special deal for Delta Petroleum. MFA and Foreign Trade sources expect implementation of the opening to Iraqi imports to be effected sometime during the week of June 16. End Summary.

[1](#)3. (SBU) On June 13, the Ambassador discussed Turkey,s planned opening to Iraqi imports, the Delta) SOMO fuel barter arrangement, and resumption of air links with Iraq with Finance Minister Unakitan. Econoff discussed Turkish lifting of Iraq sanctions with Kaya Turkmen, MFA Deputy Director General for Bilateral Economic Relations, and with Tevfik Mengu, the Foreign Trade Undersecretariat,s Director General for Agreements, the same day.

Lifting Sanctions on Imports from Iraq

[1](#)4. (SBU) Unakitan told the Ambassador that he had met with the Minister of Foreign Affairs, the State Minister for Foreign Trade, and the Interior Minister on June 11 at the direction of the Prime Minister to resolve problems at the Habur Gate. Unakitan stated that the barter of gasoline and liquid petroleum gas for Iraqi crude oil would go forward, and that MFA would send a letter to Foreign Trade to enable Delta Petroleum to begin implementing the barter arrangement. Unakitan in fact invited the Delta Petroleum General Director to attend part of the meeting with the Ambassador, and suggested that Delta follow up with MFA and the Foreign Trade U/S. Unakitan raised the issue of KDP levies on Turkish trucks entering Iraq. The Ambassador responded that the KDP had recently cut its fees to USD 20 per truck, based on information we had received (but not confirmed).

[1](#)5. (SBU) Turkmen told Econoff that MFA had sent a letter to the Prime Ministry June 13 requesting issuance of instructions to all relevant GOT bodies to open the Habur border crossing to Iraqi imports. Turkmen believes this will be implemented sometime during the week of June 16. With regard to the Delta import/export arrangement, Turkmen confirmed that MFA sent a letter to U/S Foreign Trade requesting specific authorization for the fuel import/export with Iraq to begin immediately.

[1](#)6. (SBU) Mengu confirmed that Foreign Trade had received MFA,s letter on Delta, but insisted that there would be no special deal for Delta. Mengu maintained that Delta would be able to implement its barter arrangement when Turkey lifted remaining sanctions on Iraqi imports. He predicted that this would happen within several days. Mengu also raised the issue of KDP taxation of Turkish trucks, but stated that Turkey,s opening to Iraqi imports was not linked to an end

to KDP fee collection. Econoff responded that coalition authorities were working toward elimination of customs fees at all of Iraq,s border crossings.

Aviation

17. (SBU) Unakitan told the Ambassador that the GOT is interested in starting flights between Baghdad and Istanbul as soon as possible, and requested U.S. cooperation in this matter. The Ambassador responded that the Embassy would follow up on this issue. Note: See ref B on establishing civilian air control between Iraq and Turkey. End Note.
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